

Chapter 1 : Informal sector - Wikipedia

Does the urban informal sector absorb recent migrants for its labour force? Is the urban informal sector an easy entry sector for various categories of labour? Does the urban informal sector play a buffer role in the transitional stage of a migrants search for a formal sector job?

In contrast, enterprises which enjoy official recognition, protection and support are defined as formal sector enterprises. At the empirical level, the informal sector often is defined to comprise these economic enterprises which employ less than certain number of persons *e.* The three facets of the informal sector are: On the one hand, the informal sector is formed by the coping behavior of individuals and families in economic environment where earning opportunities are scarce. On the other hand, the informal sector is a product of rational behavior of entrepreneurs that desire to escape state regulations. The two types of informal sector activities can be described as follows: The informal sector plays an important and controversial role. It provides jobs and reduces unemployment and underemployment, but in many cases the jobs are low-paid and the job security is poor. It bolsters entrepreneurial activity, but at the detriment of state regulations compliance, particularly regarding tax and labor regulations. It helps alleviate poverty, but in many cases informal sector jobs are low-paid and the job security is poor. Its size and role in the economy increases during economic downturns and periods of economic adjustment and transition. Since that time, many definitions were introduced by different authors and the ILO itself. Operationalizing the concept of informality for the purpose of measurement is not easy both because the two categories of the informal sector overlap and because the border between the informal and the formal sector is blurry. First, if unofficial earning strategies are exercised by a low-profit small enterprise with low quality working conditions, then workers of this enterprise and the enterprise itself can be classified as belonging to both informal market categories. An example of such a case is an unregistered one-person low-profit street trade enterprise - these characteristics combine unofficial and survival activities. Second, some formal market jobs or enterprises can be classified as informal if it is found that they have poor work protection or if the life style and opportunities they entail are considered undesirable. If the street trader from the previous example registers her enterprise, the enterprise and the trader herself could be categorized as belonging to the formal sector if the profit is considered above the survival level. In India, the rate of growth of informal sector employment is estimated to be 7 percent per annum, which was higher than the overall growth rate of employment in the country. In south east and South Asia, The share of informal sector in urban employment appears to have risen from the range of percent in the early ,s to percent in the early ,s. In Pakistan the share of informal sector in total urban manufacturing employment is estimated to have more than double between and In vietnam, where the economy is in transition, the bulk of those leaving the state sector are being absorbed in the informal sector. Most of the new entrants joining the informal sector acquire their skills through on the job training in respect activities. In the case of establishment based activities mostly the owners and their family members are engaged and in most cases they have no skill or education. Besides this skilled hired workers acquire their skills through informal means. The income and wages of marginal farmers and landless laborers who generally migrate from rural to urban areas are very less in rural areas as compared to the urban informal sector. The information relating to production and profitability collected from the informal sector should be a form that can be used for the purposes of the national accounting. In India , urbanization is caused more by the push of rural poverty. Increasing pressure on rural areas and limited opportunities of work have compelled rural labor to migrate to urban areas in search of employment. This has been particularly so, far large in metropolitan cities. Migration causes not only by rural people, but also urban people particularly the urban poor. The people in urban areas migrate due to some reasons like residing away from their work places, presence of relative, etc. The high rate of migration the adoption of technology advance and capital intensive techniques in industries have contributed to the emergence of labor surplus in the urban economy. Employment growth in the organized sector is insufficient to absorb the increasing labor force. This has resulted in high unemployment rates in large cities. This large share of urban force either adds to unemployment or adds to the proliferation of

numerous petty activities. These economic activities are carried outside the scope of law and regulations governing such matters as the establishment of shops, labor management taxation, product quality etc. The informal sector is significantly more labor intensive compared to the organized sector. This migration is due to employment and business, education, natural calamities others. Resources constraints are manifested in limited talent and skill, lack of access to capital and technology and unsuitable premises. Markets constraints are evident in problems these micro- enterprises have in obtain raw materials on reasonable terms and in finding enough customers for their products. The informal sector has both internal and external constraints. Among the internal constraints that have record frequent attention are lack of education of informal sector owners and workers , poor management skills of owners, lack of operating capital as a result of insufficient income and savings and use of low productivity technologies. One of the external constraints to the informal sector. Government licensing requirements, which require adherence to unrealistic standards, are seen as harmful to expansion of informal sector production. It is commonly acknowledged that the informal sector depends on informal sources of credit with effective interest rates significantly higher than the formal market rates.

Chapter 2 : The urban informal sector (English) | The World Bank

For the urban poor, in particular, waste sector employment offers a low barrier for entry into the informal labour market. There are, however, a number of mitigating factors which constrain the ability of waste sector workers to derive a fair and sustainable income.

Nwaka Poverty dominates the international development agenda of the 21st century. The improvement of the health and living conditions of millions of slum dwellers around the world is a primary concern of the current Millennium Development Goals for reducing poverty. Up to the s poverty was largely associated with the rural areas in developing countries; but the situation has changed with the dramatic increase in the numbers and proportion of the population living in urban areas, and a corresponding increase in the level of urban poverty. Irregular settlements also have become so pervasive that they seem to outnumber legally planned development, and their social legitimacy appears to be no longer in question. Unfortunately, the appalling environmental conditions associated with informal sector activities and settlements constitute a major threat to the health and well-being of urban life. The main policy challenge is how to support and regulate the urban informal sector in order to promote employment, productivity, and income for the poor, and at the same time ensure a safe, healthy and socially acceptable environment. Informal sector enterprises, especially those located in residential areas, pose real health hazards for the urban community, particularly for the urban poor who can least afford the high cost of health care. The policy dilemma appears to be how to contain the adverse environmental impacts of many of the activities of the urban informal sector without disrupting livelihoods, and causing social distress; how to promote environmental awareness and guarantee the right to the city, while at the same time protecting the vulnerable groups in the informal sector, especially women, children, and apprentices, from harm and exploitation. The article explains how the informal sector has evolved in Nigeria over the last 50 years; the extent to which government policies and programs have facilitated or constrained the sector, and how informal sector enterprises and settlements can be upgraded and progressively integrated into the urban development mainstream. Part of this article presents historical material on the range and changing patterns of informal sector activities in a cross section of Nigerian towns and cities, to illustrate the policy biases against the sector in the colonial and early independence periods. As a result, the distinction between the formal and informal spheres of activity became increasingly blurred. This article suggests as a conclusion that what is needed is not less government, less control, or mindless deregulation of economic and planning activities, but rather a more enlightened, more participatory, and more equitable form of state intervention that eliminates needless restrictions, and provides a more appropriate and flexible regulatory framework that is compatible with local conditions and yet reasonably efficient and environmentally sustainable. The key question is: Policy Issues and Debates Opinions differ widely on what should be the appropriate attitudes and policies towards the informal sector. Some of the more optimistic advocates of the sector tend to present it in romantic terms as a form of popular development, a vital source of employment and income for the poor, the seedbed of local entrepreneurship, and a potent instrument in the campaign to combat poverty and social exclusion. They dismiss earlier characterizations of the sector as easy to enter and requiring little money and skills, which led to the misconception that the informal sector required no form of official support. They also condemn the large number of regulations and bureaucratic procedures from the different institutions and levels of government which tend to stifle entrepreneurship, and to inhibit the realization of the full potential of the informal sector. On the other hand critics, including many planners and government authorities, dismiss the sector as an anomaly, a source of disorder, and an obstacle to the development of a modern economy. They condemn the slums, health risks, insecurity, and exploitation associated with the sector, and hope that like other transitory phases in the course of development, the informal sector will wither away with time and economic progress. Even those who idealize the sector recognize that it is at best a mixed blessing. Indeed they argue that the informal sector has run its course, is now saturated, and may just be replicating the disguised unemployment that prevails in rural areas. These conflicting positions pose a difficult dilemma for planners and policy makers, and tend to reinforce the ambivalence and hostility of official

attitudes towards the sector. If the informal sector thrives because of its informality, and because rules and regulations are minimal, does it make sense to try to formalize and integrate it into the formal economy with laws, codes, and standards that could disrupt its activities and growth? On the other hand, what about the health hazards, as well as the rights and safety, of the vulnerable groups that work in the informal sector? These uncertainties about the informal sector are part of the age-long debates about the rural and urban paths to development, and doubts about whether urbanization in general is harmful or beneficial. It is said that if conditions in rapidly developing cities continue to be improved, more and more people will be attracted to them to aggravate the problems of unemployment and squalor; that the worsening health and environmental problems of cities are caused by the unregulated activities of the informal sector, which, if allowed to continue, could make cities unlivable and unsustainable for present and future generations. Until recently the concern for environmental protection in Nigeria has tended to focus on non-urban issues such as soil erosion, desertification, oil spillage, the dumping of hazardous wastes, etc. The improvement of urban conditions has often been sought indirectly through migration control and other policies to contain or reverse the trend of urbanization. This approach has not only failed to stop the inevitable and irreversible process of urbanization, but has pushed the cities to grow in a disorderly way, and for urban problems to accumulate. Current research suggests that the path to urban sustainability lies in greater realism in building and managing more inclusive and socially equitable cities. This would involve continuously reviewing legislative and administrative activity in order to improve the security of land and housing tenure for the urban poor, to upgrade slums, and to strengthen urban local governance through broad-based partnerships that take the needs and participation of the informal sector fully into account. The Informal Sector in Nigeria: From Neglect to Recognition Nigeria is the largest country in Africa, and the largest concentration of black people in the world with a land area of close to 1 million square kilometers, and a population of well over million. Estimates at the turn of the 21st century suggest that The rate of urban population growth is thought to be 5. More than seven cities have populations that exceed 1 million, and over 5, towns and cities of various sizes have populations of between 20, and , Greater Lagos, the former national capital, has grown from 1. Life expectancy at birth is about 52 years; infant mortality rate is as high as The development of the informal sector follows closely the general pattern of urban development in Nigeria. A large number of Nigerian cities pre-date British colonial rule as centers of traditional political and religious authority Zaria, Benin, Sokoto, Arochukwu, Ile Ife or as centers of internal and international trade across the Sahara and the Atlantic Kano, Lagos, Calabar , or as military fortifications that attracted large numbers of farmers and craftsmen for defense and related purposes Ibadan, Abeokuta. These native towns, with large indigenous populations, subsequently had European reservations and migrant quarters grafted onto them during colonial rule, but they have often retained their traditional characteristics with traditional compound houses; customary attitudes and practices regarding food handling, waste disposal, and personal hygiene; urban agriculture; and livestock keeping. The areas of informality in such cities are very extensive. British colonial rule neither anticipated nor approved of the growth of large African urban populations. Although many port cities, river ports, rail-side towns, and administrative centers owed their growth to activities generated by the European presence, colonial officials remained unreconciled to the idea of rapid urban growth, and tended to see cities as an unfortunate by-product of colonial activities which had to be firmly contained in order to avoid political subversion and social disorganization. Cities and towns were not conceived or promoted as centers of industrial production for job creation and self-sustaining growth, but rather as small enclaves for administration, colonial trade, and transportation. The policies and institutions for urban development, where they existed, were very restrictive and myopic, especially in the critical areas of land-use control, planning, and the provision of infrastructure and services. Urban planning and housing were used as instruments of segregation and social policy to ensure that the small community of Europeans was protected in segregated high-quality residential reservations. Zoning and sanitation became an obsession. The expansion of the private sector and the pursuit of import-substitution industrialization in the years after independence gave a boost to urban employment and urban growth in both the formal and informal sectors. In post-colonial Nigeria and other African countries many analysts have observed: Prior to the s, the informal sector was not considered as a separate sector. Their

activities were classified variously as traditional crafts and petty trade in the subsistence sector, or as small-scale industries within the formal sector, and treated as such. Some effort was made to upgrade what was considered their low level of productivity and low standard of workmanship through the establishment of small Industrial Development Centers IDC , and later the Small-Scale Industry Credit Scheme SSICS , to provide technical advice and training, and to offer small loans. No effort was made to protect informal sector products from competition with imported and mass produced goods, hence many informal sector operators tended to gravitate towards trading, services, and transportation. With the expansion of the oil industry in the s, after the disruptions of the civil war, the urban population expanded rapidly because of the increase in urban-based opportunities in administration, construction, commerce, and services, along with the gradual relegation of rural agriculture. The optimism of the oil boom and the prevailing international policy posture, as reflected in the United Nations-Habitat conference Habitat I , encouraged the Nigerian government to undertake extensive programs of planning and public service delivery, including ambitious programs of public housing and the centralization of land-use control under the military dictatorship. The administrative decentralization brought about by the creation of new states 12 in , and now 36 from the four former regions, and the creation of several local governments now fostered the growth of many large and secondary cities and towns that served as state capitals and local government headquarters. The urban informal sector expanded correspondingly to meet the increased demand of low-income wage earners for moderately priced consumer goods and services. Contrary to what the advocates of deregulation had presumed, the economic recession of the s and the austerity measures that accompanied IMF-imposed Structural Adjustment policies affected the informal sector adversely on both the demand and supply sides, as markets contracted and input costs rose. Reductions in public spending, declining real wages, and overall public sector retrenchments swelled the ranks of the informal sector beyond its absorptive capacity. Many formal sector enterprises forged new links, sometimes exploitative links, with the informal sector to cope with the difficulties of the economic crisis. The borders between the formal and the informal sectors became blurred. Government response to this situation was contradictory in some respects, on the one hand providing incentives to the informal sector by the establishment of training and credit facilities, and on the other hand, repressing the informal sector through overzealous prosecution in the so-called War Against Environmental Indiscipline. Patterns of Development and Official Response The informal sector encompasses a wide range of areas of informality “ environmental, spatial, economic, and social, covering business activities, employment, markets, settlements, and neighborhoods. Each of these areas has implications for public policy. The weaknesses of government planning controls, and the haphazard developments associated with the informal sector have created disorderly and unhealthy urban environments. Housing, Planning, and Health The World Health Organization reckons that it is the home, not the clinic, that is the key to a better health delivery system. The vast majority of households, especially those in informal settlements, live in overcrowded conditions, within defective physical dwellings, sometimes located in areas which do not provide adequate defenses against disease and other health hazards. Because many people do not have secure tenure with respect to the land and houses they occupy, they have little inclination to improve the quality of the houses and the general environment because of constant threats of forced eviction. Government officials often argue that the practical difficulties of upgrading irregular settlements and connecting them to urban infrastructure and services tend to reinforce social exclusion. The Nigerian Town and Country Planning Ordinance of remained essentially unchanged until , not because it was working satisfactorily but because it was largely ignored and by-passed by rapid growth and spontaneous development. Most of the laws and regulations guiding environmental health and sanitation appear to be reminders of colonial segregation and oppression, and have very little current relevance. For instance, residential areas are also now widely used for small businesses, in complete disregard of the zoning arrangements which require separate areas for presumed incompatible activities. As was typical with the military, the Nigerian Land Use Decree was introduced in , ostensibly to facilitate speedy and equitable access to land for much needed planned development. The proprietorship and control of all land was vested in the state. Various land allocation and advisory committees were set up to assist the state governors in the administration of land. In practice the procedure for obtaining and developing land become excessively

bureaucratized, obstructive, and riddled with corruption. Restrictions on the availability of land, especially for the poor, encouraged the growth of more and more irregular settlements on the fringes of the towns or on vacant public land. With respect to housing, Nigeria experimented with virtually all of the approaches that were fashionable in the s, s, and s – slum clearance schemes which caused much distress and social dislocation, sites-and-services schemes which tried to open up new land and have it subdivided into serviced residential plots for distribution, and slum or squatter upgrading which tried to fit new infrastructure and services into already disorderly and crowded settlements, sometimes with the participation of local residents. Also, following Habitat I in and the oil boom of the s and early s, Nigeria embarked on an ambitious program of public housing construction. The federal government planned to add over , housing units to the existing housing stock, while the 20 or so state governments at the time would each build an additional 4, housing units. The enormous resources earmarked for the purpose were misappropriated or otherwise diverted to the construction of military barracks and other projects of doubtful priority. None of the housing programs advanced the housing conditions or needs of the poor in irregular settlements, but instead provided subsidized housing for middle-income groups, high-income people, and other well-connected individuals. Water, Sanitation, and Health In most Nigerian towns and cities water supply and sanitation are grossly inadequate for domestic and personal hygiene, in spite of the gains of the International Drinking Water and Sanitation Decade campaign of the s. In many informal settlements water-borne and filth-related diseases, especially diarrhea and cholera are common. Less than half of urban households in most Nigerian cities have piped water and flush toilets. The rest depend on crowded and sometimes distant communal water taps, or draw water from wells, streams, or from itinerant water vendors. Pit latrines and buckets are still in use, often shared by many families. People commonly defecate and urinate in the open or in nearby bushes, so that food and water can be easily contaminated from exposure to human waste. Questions are beginning to be raised about simpler and more hygienic methods, and how best to distribute more efficiently and equitably the facilities and amenities that do exist. Waste Management, Drainage, and Health More waste is generated from commercial and domestic activities than can be properly managed with the rudimentary system available for collecting, transporting, and disposing of the wide variety of solid wastes in cities. The system is almost always overloaded, and large volumes of rubbish are left to litter the streets, or to accumulate in open dumps where flies and rats and other disease-carrying insects and rodents proliferate. For drainage, most cities have open drains and narrow shallow trenches which are often clogged with discarded household or industrial appliances, sand, and refuse transported by flooding. When the drains are not cleaned, they are unsightly and exude unpleasant odors. Potholes in the streets, pools of stagnant water, and waste gushing from bathrooms and kitchens provide breeding sites for malarial mosquitoes and other spreaders of disease. The level of environmental awareness is still low, especially in informal settlements, and the campaign for waste minimization and recycling has not advanced beyond the dangerous practice of picking and sorting through heaps of rubbish or moving from house to house to collect tin cans, plastics, empty bottles, paper, and discarded materials for possible recycling. In most Nigerian towns and cities, especially in informal settlements, food contamination and food-borne diseases are major factors in the high incidence of diarrhea and dysentery which kill many children. Unhygienic food handling and storage practices, especially with limited water and refrigeration facilities, appear to be the main problem. Food poisoning often occurs in open market places, slaughter houses, and in the extensive ready-to-eat street food industry, widely patronized by workers, school children, and others.

Chapter 3 : URBANET | The urban informal economy

In terms of characteristics of child labour in the informal sector, and the kinds of families whose children are labouring, the study found that child labour in Amman, Mafraq and Irbid affects mainly male children, who working long days and weeks.

Waste picker in Indonesia Street vendor in India The informal sector is largely characterized by several qualities: The type of work that makes up the informal economy is diverse, particularly in terms of capital invested, technology used, and income generated. Home-based workers are more numerous while street vendors are more visible. Economic motivations include the ability to evade taxes, the freedom to circumvent regulations and licensing requirements, and the capacity to maintain certain government benefits. First, they felt they would earn more money through their informal sector work than at a job in the formal economy. Second, even if workers made less money, working in the informal sector offered them more independence, the chance to select their own hours, the opportunity to work outside and near friends, etc. While jobs in the formal economy might bring more security and regularity, or even pay better, the combination of monetary and psychological rewards from working in the informal sector proves appealing for many workers. However, this understanding is too inclusive and vague, and certain activities that could be included by that definition are not considered part of the informal economy. As the International Labour Organization defined the informal sector in , the informal sector does not include the criminal economy. While production or employment arrangements in the informal economy may not be strictly legal, the sector produces and distributes legal goods and services. The criminal economy produces illegal goods and services. The informal economy is part of the market economy, meaning it produces goods and services for sale and profit. Unpaid domestic work and care activities do not contribute to that, and as a result, are not a part of the informal economy. Yet no such regulation has ever been wholly enforceable. Archaeological and anthropological evidence strongly suggests that people of all societies regularly adjust their activity within economic systems in attempt to evade regulations. Therefore, if informal economic activity is that which goes unregulated in an otherwise regulated system then informal economies are as old as their formal counterparts, if not older. The term itself, however, is much more recent. The optimism of the modernization theory school of development had led most people in the s and s to believe that traditional forms of work and production would disappear as a result of economic progress in developing countries. As this optimism proved to be unfounded, scholars turned to study more closely what was then called the traditional sector. They found that the sector had not only persisted, but in fact expanded to encompass new developments. In accepting that these forms of productions were there to stay, scholars and some international organizations quickly took up the term informal sector later known as the informal economy or just informality , which is credited to the British anthropologist Keith Hart in a study on Ghana published in , and was coined by the International Labour Organization in a widely read study on Kenya in Feige examined the economic implications of a shift of economic activity from the observed to the non-observed sector of the economy. The book examines alternative means of estimating the size of various unobserved economies and examines their consequences in both socialist and market oriented economies. With the turn towards so called post-fordist modes of production in the advanced developing countries, many workers were forced out of their formal sector work and into informal employment. In a seminal collection of articles, *The Informal Economy. Studies in Advanced and Less Developed Countries*, Alejandro Portes and collaborators emphasized the existence of an informal economy in all countries by including case studies ranging from New York City and Madrid to Uruguay and Colombia. While accusing the ruling class of 20th century mercantilism , de Soto admires the entrepreneurial spirit of the informal economy. In a widely cited experiment, his team tried to legally register a small garment factory in Lima. This took more than administrative steps and almost a year of full-time work. Among the surveys about the size and development of the shadow economy mostly expressed in percent of official GDP are those by Feige , and Schneider and Enste In these surveys an intensive discussion about the various estimation procedures of the size of the shadow economy as well as a critical evaluation of the size of

the shadow economy and the consequences of the shadow economy on the official one can be found. Statistics[edit] The Narantuul Market in Ulaanbaatar , Mongolia , colloquially also called Khar Zakh Black Market The informal economy under any governing system is diverse and includes small-scaled, occasional members often street vendors and garbage recyclers as well as larger, regular enterprises including transit systems such as that of Lima, Peru. Informal economies include garment workers working from their homes, as well as informally employed personnel of formal enterprises. Employees working in the informal sector can be classified as wage workers, non-wage workers, or a combination of both. For example, informal employment makes up The majority of informal economy workers are women. Policies and developments affecting the informal economy have thus a distinctly gendered effect. One must also be very careful to distinguish whether one is attempting to measure the unreported economy, normally associated with tax evasion, [28] or the unrecorded or non observed economy, [29] associated with the amount of income that is readily excluded from national income and produce accounts due to the difficulty of measurement. Breusch has critiqued this work warning the profession that" The literature applying this model to the underground economy abounds with alarming Procrustean tendencies. Various kinds of sliding and scaling of the results are carried out in the name of "benchmarking", although these operations are not always clearly documented. The data are typically transformed in ways that are not only undeclared but have the unfortunate effect of making the results of the study sensitive to the units in which the variables are measured. The complexity of the estimation procedure, together with its deficient documentation, leave the reader unaware of how these results have been shorted to fit the bed of prior belief. There are many other results in circulation for various countries, for which the data cannot be identified and which are given no more documentation than "own calculations by the MIMIC method". Readers are advised to adjust their valuation of these estimates accordingly. Comparison of shadow economies in EU countries according to estimates by Friedrich Schneider[edit] German shadow economy â€”, Friedrich Schneider University Linz [34] Since the establishment of the Single Market Maastricht the total EU shadow economy has been growing systematically to approx. Hence, the EU financial economy has developed parallel an efficient tax haven bank system to protect and manage its growing shadow economy. The diagram below clearly shows that national informal economies per capita vary only moderately in most EU countries. The diagram also shows that in absolute numbers the shadow economy per capita is related to the wealth of a society GDP. Generally spoken, the higher GDP the higher shadow economy, albeit non-proportional. There is a direct relation between high self-employment of a country to its above average shadow economy. As an example German shadow economy in was 4. Map of the national shadow economies per capita in EU countries. The red scale represents the numbers displayed by the red bars of the diagram on the left. Social and political implications and issues[edit] According to development and transition theories, workers in the informal sector typically earn less income, have unstable income, and do not have access to basic protections and services. The working poor, particularly women, are concentrated in the informal economy, and most low-income households rely on the sector to provide for them. On the other hand, the informal sector can allow a large proportion of the population to escape extreme poverty and earn an income that is satisfactory for survival. They derive social protection, pension and child benefits and the like, from their formal employment, and at the same time have tax and other advantages from working on the side. From the viewpoint of governments, the informal sector can create a vicious cycle. Being unable to collect taxes from the informal sector, the government may be hindered in financing public services , which in turn makes the sector more attractive. Conversely, some governments view informality as a benefit, enabling excess labor to be absorbed, and mitigating unemployment issues. A group of Indian women making bamboo products they intend to sell in Dumka, Jharkhand A girl selling plastic containers for carrying Ganges water, Haridwar , India Women tend to make up the greatest portion of the informal sector, often ending up in the most erratic and corrupt segments of the sector. Female representation in the informal sector is attributed to a variety of factors. One such factor is that employment in the informal sector is the source of employment that is most readily available to women. For example, the informal workforce is not a part of any trade union, nor does there seem a push or inclination to change that status. Yet the informal economy negatively affects membership and investment in the trade

unions. Laborers who might be formally employed and join a union for protection may choose to branch out on their own instead. As a result, trade unions are inclined to oppose the informal sector, highlighting the costs and disadvantages of the system. Producers in the formal sector can similarly feel threatened by the informal economy. The flexibility of production, low labor and production costs, and bureaucratic freedom of the informal economy can be seen as consequential competition for formal producers, leading them to challenge and object to that sector. Last, the nature of the informal economy is largely anti-regulation and free of standard taxes, which diminishes the material and political power of government agents. Whatever the significance of these concerns are, the informal sector can shift political power and energies. An inverse relationship between an increased informal sector and slower economic growth has been observed though. Please improve it by verifying the claims made and adding inline citations. Statements consisting only of original research should be removed. April Learn how and when to remove this template message

A girl weaving a rug in Egypt Children work in the informal economy in many parts of the world. They often work as scavengers collecting recyclables from the streets and dump sites , day laborers, cleaners, construction workers, vendors, in seasonal activities, domestic workers, and in small workshops; and often work under hazardous and exploitative conditions. Such children are very vulnerable to exploitation: UNICEF considers domestic work to be among the lowest status, and reports that most child domestic workers are live-in workers and are under the round-the-clock control of their employers. At the core, youth must compromise their social activities with other youth, and instead prioritize their participation in the informal economy, thus manufacturing a labor class of adolescents who must take on an adult role within the family. Although it revolves around a negative stigma of deviance, for a majority of individuals, mostly people of color, the informal economy is not an ideal choice but a necessity for survival. Participating in the informal economy is becoming normalized due to the lack of resources available in low-income and marginalized communities, and no matter how hard they have to work, will not advance in the economic hierarchy. When a parent is either unemployed or their job is on low demand, they are compelled to find other methods to provide for themselves but most importantly their children. The participation of adolescents in the informal economy, is a contentious issue due to the restrictions and laws in place for youth have to work. One of the main dilemmas that arise when children engage in this type of work, is that privileged adults, denounce children participation as forced labor. The youth become forced by their circumstances, meaning that because of their conditions, they do not have much of a choice. They analyze why adults participate in the informal economy. Although it revolves around a negative stigma of deviance, for a majority of individuals, the informal economy is not an ideal choice but an action necessary for survival. While witnessing the constant struggle of Latinx individuals to make ends meet and trying to earn money to put food on the table, they witnessed how the participation of children either benefits the family or even hurt it. The kids are not simply workers, they achieve an understanding of how to manage a business and commerce. Expansion and growth[edit] The division of the economy into formal and informal sectors has a long heritage. Arthur Lewis in his seminal work *Economic Development with Unlimited Supply of Labour*, published in the s, was the celebrated paradigm of development for the newly independent countries in the s and s. The model assumed that the unorganized sector with the surplus labour will gradually disappear as the surplus labour gets absorbed in the organised sector. On the other hand, probabilistic migration models developed by Harris and Todaro in the s envisaged the phenomenon of the informal sector as a transitional phase through which migrants move to the urban centers before shifting to formal sector employment. Hence it is not a surprise to see policy invisibility in the informal sector. Curiously, the informal sector does not find a permanent place in the Marxian theory since they anticipate the destruction of the pre-capitalist structure as a result of the aggressive growth of capitalism. Therefore, neither in the Marxian theory nor in the classical economic theory, the unorganized sector holds a permanent place in the economic literature. In the s, an increase in global communication and competition led to a restructuring of production and distribution, often relying more heavily on the informal sector. In Africa it accounts for around eighty percent. It is possible that the kind of development that has been occurring has failed to support the increased labor force in a formal manner.

Chapter 4 : Urban Informal Sector in Nigeria

*Urban Labour in Informal Sector: A Case Study of Visakhapatnam City [Kudamala Sreeramamurty] on blog.quintoapp.com *FREE* shipping on qualifying offers. Study of a city in Andhra Pradesh.*

Therefore, understanding urban informal employment is critical to promoting inclusive cities and reducing urban poverty. But, many cities around the world are actively undermining or destroying urban informal livelihoods. Practices that exclude informal workers from participating in cities are the norm in many parts of the world: In response, organizations of urban informal workers are gaining in numbers, strength and solidarity; and are demanding more inclusive urban policies and practices in support of their livelihoods. Over the past year or more, with support from the WIEGO Network, some of these organizations have jointly sought to integrate a focus on informal livelihoods in the policy discussions before and at the Habitat III summit and in the New Urban Agenda document which will be adopted at that summit. From exclusionary to inclusive cities Home-based producers, street vendors, and waste pickers are all age-old occupations in which large numbers of urban workers around the world are still employed, especially in developing countries. Few have secure work; most have low and erratic earnings and few are protected against loss of work and income. Most operate outside the reach of government regulations and protection; yet many are harassed or repressed by the police or other local authorities and excluded from economic opportunities. In the following, we provide promising examples of inclusionary urban plans and policies for these three worker groups. Basic Infrastructure Services for Home-based Workers Delivery of basic services “shelter, water, sanitation and electricity” is critical for most informal workers but particularly so for home-based workers whose home is their workplace. Although there has been progress in basic service delivery, the majority of informal workers live in slums or squatter settlements which tend to be underserved. Even for the fortunate minority who receive basic infrastructure, too frequently insufficient attention is paid to how the location, mode of delivery and design of new housing projects impacts on livelihoods. Another worrisome trend is the intensification of forced evictions driven by, among other factors, large-scale urban renewal projects, the hosting of mega events, and the recent global recession. When slum communities are evicted or relocated, home-based producers in those communities temporarily lose both their home and their workplace. They are often relocated to housing with fewer basic services and to locations at a greater distance from markets for raw materials and finished goods or from the contractors who sub-contract work to them. Before her slum community was relocated, a home-based garment worker in Ahmedabad, India lived within walking distance from the contractor who sub-contracts work to her “now she spends over 40 per cent of her meager daily earnings on transport to take raw materials from and return finished goods to the contractor Davidson In one such partnership in Ahmedabad City, the municipal corporation partnered with SEWA and community organizations in managing solid waste collection and in maintaining and repairing infrastructure. As part of the agreement, the Ahmedabad Municipal Corporation promised not to evict residents of the participating slums for ten years Ibid. Street vendors offer a wide range of goods and services in convenient and accessible locations, and contribute an essential service to the poor by offering low-cost goods in small quantities. But, an on-line analysis over a year of the news coverage of street vending issues found that, on average, there is one case of a violent eviction of street traders somewhere in the world every day [http:](http://) For example in September , more than 7, street vendors were forcibly evicted from the streets of Kampala in Uganda with bulldozers razing their stalls. More common than these large-scale evictions, however, are various types of low-level harassment of street traders that stems in part from uncertain policy and legal environments. This type of everyday harassment typically requires vendors who do not have licenses or permits to pay bribes to local authorities and subjects them to confiscation of merchandise. But many cities have not issued licenses to street vendors in recent years. Also, where licences are issued as is the case in a number of cities in Asia the number of vendors considerably exceeds the number of licences. There is a recent trend on the African continent, for example, for not only banning street vending but also treating purchasing from street vendors as a criminal offence e. While in China questions have been raised about the ongoing harassment of street

vendors by urban management officers called chengguan. There are however also encouraging trends particularly in India and South Africa of street vendors negotiating with cities to find solutions for inclusive and effective management of street trade. India is one of very few countries to have developed a national policy on street vending. Adopted in , the objective of the National Policy on Urban Street Vendors is to promote a supportive environment for street vendors to earn their livelihoods, while reducing congestion and maintaining sanitary conditions in public spaces. They also show that, although there are challenges with implementation, the policy has played an important role in advocating for street vendors rights in numerous Indian cities. The law holds the potential of giving the national policy legal standing and could impact positively on the estimated 10 million street vendors operating in India. See Chen et al. Building on the recommendations of the national policy, the city of Bhubaneswar in India developed a public, private and community partnership model for street vending after years of conflict between street traders and local authorities. This has entailed dedicated and legally sanctioned vending zones in public space, as well as attractive fixed kiosks, partially funded by formal businesses. There was an inclusive planning process, from joint planning of the conceptual model to the realization of 54 vending zones. See Kumar for further details. Waste pickers constitute about 1 per cent of urban employment in many countries Vanek et al. They contribute to public health and lower the costs of solid waste management borne by municipalities UN Habitat ; Scheinberg Further recycling is one of the cheapest, fastest ways to reduce greenhouse gas emissions and use fewer virgin resources Tellus Institute Despite progress made in highlighting the contribution of waste pickers to recycling and climate change mitigation, waste pickers in many contexts work in deplorable conditions, receiving little or no support from local authorities and facing continual threats. Waste pickers are often subject to arbitrary pricing by middlemen and to harassment on the streets. Further there is a global trend of privatizing the collection, transport, and disposal of waste and recyclables. At a meeting of waste pickers from 34 countries held in Pune, India in April , privatization usually leading to waste-to-energy schemes was highlighted as the greatest threat to livelihoods. There are however also encouraging trends particularly in Latin America and India of waste collectors forming themselves into co-operatives. This places them in a stronger position to secure better prices from middle men, negotiate with local authorities for access to waste and appropriate facilities but also defend their rights. Peru and Brazil have both passed progressive national laws that support the formalization of waste picking and encourage cooperatives. In Peru, Law Subsequent cases have appealed to constitutional provisions, to argue that cooperatives of waste pickers “ and not only corporations “ can compete in waste recycling markets. The court mandated that the cooperatives of waste pickers had a right to compete for the city tenders. In March , the ARB submitted its bid to the city. In March , the waste pickers began to be paid by the city for collecting and transporting waste. What are the core common lessons from these examples of inclusive urban planning and practices? One is that there are powerful vested interests “ property developers, large retailers, private waste management companies “ competing for urban land, urban services, urban customers, and city contracts. Another is that informal workers need to be organized in order to compete with these vested interests and to demand from the city their fair share of urban land, urban services, and city contracts; and representatives of these informal worker organizations need to be integrally involved in urban planning processes. WAY FORWARD Given the sheer size and significant contributions of the informal economy and that most of the urban working poor, especially women, are engaged in the informal economy, more attention needs to be paid to urban informal livelihoods in efforts to make cities more inclusive and to reduce urban poverty. Policy makers like data, more than other kinds of information. Not only does informal employment continue to be an important part of the urban labour force but improvements in data collection are also possible. What, then, is needed going forward. First, it is important that informed users of urban statistics encourage national statistical services and the international statistical community to further develop statistical concepts and methods to better measure the urban informal economy and to identify separately all categories of urban informal workers. Second, it is also important that informed users of official statistics make the data and related data analyses readily accessible to researchers, policymakers and advocates in user-friendly formats. Further, more grounded research on the working conditions of the urban informal workforce and how they are impacted by government plans, policies and

practices is needed. Finally, detailed documentation is needed of cases where informal workers have been included into urban plans, with particular attention being paid to how private sector interests have been confronted, and the implications of these cases for activists and the practises of urban professionals with a particular focus on planners, architects, urban designers and engineers. Here are some of the core elements of inclusive urban planning processes and practices: Recognition of where informal workers fit in " and how they contribute to " the urban economy and into specific value chains or sectors Recognition that the common policy stance towards the informal economy should combine regulation, protection, and promotion " rather than regulation, relocation, and repression Recognition that many existing laws, regulations, and rules serve to exclude, rather than, include the informal economy and need to be reformed to match the reality of informal work Recognition that informal workers need to be organized and that their representatives need to be integrally involved in urban planning and legal reform processes Recognition that inclusive planning is planning with rather than for informal workers. Finally, there is a need to recognize that inclusive planning will require a fundamental change in mindsets. Just as the policy makers encourage bio diversity, they should encourage economic diversity. Also, they should try to promote a level playing field in which all sizes of businesses and all categories of workers can compete on equal and fair terms. Despite these gains, many of the organizations of urban informal workers are still in their early stages. Thus, building and strengthening organizations of urban informal workers is both an end in itself " as informal workers achieve a sense of empowerment and are able to support each other " and a means to leveraging wider impact at the local, national and international levels. Organizing can begin to address the vulnerability, insecurity and dependence commonly experienced by the working poor in the urban informal economy whose lives are controlled by powerful economic and political forces. But organizing alone is not enough to bring about needed changes. Ensuring a voice for informal workers in relevant urban planning, policy making, and rule-setting processes requires supporting the growth of their organizations, and building capacity for leadership, policy advocacy, and collective bargaining. Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce. For more information visit: WIEGO has developed an extensive knowledge base on how inclusive urban planning can protect informal livelihoods and make them more productive, thus enriching cities. You can find more informations here:

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The informal sector, informal economy, or grey economy is the part of an economy that is neither taxed nor monitored by any form of government. Unlike the formal economy, activities of the informal economy are not included in a country's gross national product (GNP) or gross domestic product (GDP).